

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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JOEL S. ARIO, ACTING INSURANCE	:	
COMMISSIONER OF THE COMMONWEALTH	:	07 CV 6486 (PAC)
OF PENNSYLVANIA, IN HIS CAPACITY AS	:	
LIQUIDATOR OF RELIANCE INSURANCE	:	
COMPANY,	:	REPLY TO
	:	<u>COUNTERCLAIMS</u>
Plaintiff,	:	
-against-	:	
LYNN WHITE, RUBEN RODRIGUEZ, BARRY	:	
KAY, collectively doing business as "AXIUM	:	
ENTERTAINMENT SERVICES, INC.", and	:	
AXIUM ASP, INC.,	:	
Defendants.	:	

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Plaintiff Joel S. Ario, Acting Insurance Commissioner of the Commonwealth of Pennsylvania, in his capacity as Liquidator of Reliance Insurance Company, by his attorneys, Wolf, Block, Schorr and Solis-Cohen LLP, hereby replies to the Counterclaims of defendants Lynn White, Ruben Rodriguez and Barry Kay dated April 23, 2008 (the "Counterclaims") as follows:

1. Denies knowledge or information sufficient to form a belief as to truth of the allegations contained in paragraph 32 of the Counterclaims.
2. Denies knowledge or information sufficient to form a belief as to truth of the allegations contained in paragraph 33 of the Counterclaims.
3. Denies the allegations contained in paragraph 34 of the Counterclaims.
4. Denies the allegations contained in paragraph 35 of the Counterclaims.
5. Denies the allegations contained in paragraph 36 of the Counterclaims.

6. Denies knowledge or information sufficient to form a belief as to truth of the allegations contained in paragraph 37 of the Counterclaims.

7. Denies the allegations contained in paragraph 38 of the Counterclaims.

8. Denies knowledge or information sufficient to form a belief as to truth of the allegations contained in paragraph 39 of the Counterclaims.

9. Denies the allegations contained in paragraph 40 the Counterclaims.

10. Denies the allegations contained in paragraph 41 of the Counterclaims.

AFFIRMATIVE DEFENSES

FIRST AFFIRMATIVE DEFENSE

The Counterclaims should be dismissed because they fail to state a claim upon which relief may be granted.

SECOND AFFIRMATIVE DEFENSE

The Counterclaims are barred by the equitable doctrines of laches, estoppel, waiver, and/or unclean hands.

WHEREFORE, plaintiff demands judgment dismissing the Counterclaims with prejudice, and awarding plaintiff such other and further relief as the Court deems just and proper, including interest, costs and attorneys' fees

Dated: New York, New York
May 15, 2008

WOLF, BLOCK, SCHORR AND SOLIS-COHEN LLP

By: _____/s/
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